

EXHIBIT E



THE UNITED STATES ATTORNEY'S OFFICE
EASTERN DISTRICT *of* NEW YORK

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Department of Justice

U.S. Attorney's Office

Eastern District of New York

FOR IMMEDIATE RELEASE

Wednesday, May 20, 2015

Hunter Roberts Construction To Pay More Than \$7 Million In Penalties And Restitution For Engaging In A Fraudulent Overbilling Scheme

Hunter Roberts Construction Group, LLC ("Hunter Roberts"), one of the largest construction companies in New York City, has entered into a non-prosecution agreement and agreed to pay more than \$7 million in penalties to the federal government and restitution to victims to resolve a criminal investigation into the company's past fraudulent billing practices. In addition, pursuant to the non-prosecution agreement, Hunter Roberts will provide continuing cooperation and maintain far-reaching corporate reforms.

The resolution was announced by Kelly T. Currie, Acting United States Attorney for the Eastern District of New York; Michael Nestor, Inspector General, Port Authority of New York and New Jersey; Robert Erickson, Acting Inspector General, General Services Administration, Office of the Inspector General; Cheryl Garcia, Special Agent-in-Charge, Department of Labor, Office of Inspector General; Diego G. Rodriguez, Assistant Director-in-Charge, Federal Bureau of Investigation, New York Field Office; and Mark G. Peters, Commissioner, New York City Department of Investigation.

"Hunter Roberts defrauded its clients by fraudulently billing them for work that was not performed and at rates that were higher than contracted. Today's resolution marks a significant step in our continued effort to eliminate fraud in New York City's construction industry and also recognizes Hunter Roberts's decision to timely accept full responsibility, provide complete cooperation, and take remedial measures to enforce best industry practices," stated Acting U.S. Attorney Currie. Mr. Currie thanked the investigative agencies for their outstanding commitment and dedication over the course of this six-year industry investigation.

"Responsible for overseeing billions of dollars of publicly funded construction throughout the region, the Port Authority's Office of Inspector General is committed to ensuring that industry participants operate with integrity and accountability," stated Inspector General Nestor. Inspector General Nestor thanked his law enforcement partners for their dedication and professionalism in investigating these practices.

"We will continue working with our law enforcement partners on important construction contract fraud cases such as this, ensuring that the United States always gets what it bargained for," said Acting Inspector General Erickson.

"Contractors that inflate invoices for union labor threaten the integrity of collective bargaining agreements and the viability of federally funded projects and private development. We will continue to work with our law enforcement partners to identify practices that jeopardize the employment opportunities for American workers," stated Special Agent-in-Charge Garcia.

"Both public and private projects across the New York City metropolitan area were victims of Hunter Roberts' fraudulent billing practices for more than eight years. Today's restitution settlement of more than \$7 million should help make right on a practice so wrong. The FBI is committed to working with our law enforcement partners to investigate and bring justice to those who seek to profit from fraudulent schemes, especially those in the city's construction industry," stated Assistant Director-in-Charge Rodriguez.

Commissioner Peters said, "This fraudulent overbilling scheme was insidious – bilking publicly-funded vendors and, in the end, taxpayers paid the ultimate cost. DOI will continue to work with its law enforcement partners to expose and stop these crimes because fraud has no business in New York City."

Pursuant to the non-prosecution agreement signed today, Hunter Roberts acknowledged and accepted responsibility for engaging in an eight-year-long fraudulent overbilling scheme that impacted virtually all of its projects. Specifically, from 2006 through 2011, Hunter Roberts billed clients, including government contracting and funding agencies, for hours that were not worked by labor foremen from Local 79 Mason Tenders' District Council of Greater New York ("Local 79"). Hunter Roberts effectuated this overbilling by systemically adding one to two hours of unworked or unnecessary overtime per day to the labor foremen's time sheets and falsely listing unworked hours as worked when labor foremen were absent for vacation days, sick days, and major holidays. Additionally, from 2010 through November 2013, without seeking advance approval from its clients, Hunter Roberts paid a select group of labor foremen, and billed its clients, at wage rates that exceeded those specified in Hunter Roberts' contracts with its clients. In admitting responsibility, Hunter Roberts acknowledged that it engaged in fraudulent overbilling on a wide number of public and private projects across the New York City metropolitan area. These projects included the Dormitory Authority of the State of New York's Queens Hospital Center Ambulatory Care Pavilion, the Harvey Theater at the Brooklyn Academy of Music, the Borough of Manhattan Community College's Fiterman Hall, and the PAVE Academy Charter School in Red Hook, Brooklyn.

In light of Hunter Roberts' comprehensive internal investigation, prompt and complete acceptance of responsibility for the full breadth of its unlawful conduct, exemplary cooperation and far-reaching remedial measures, the government has agreed not to prosecute Hunter Roberts for its criminal conduct, provided that Hunter Roberts complies for two years with all the terms of the agreement executed today. Significantly, this agreement secures immediate compensation for victimized companies who were overbilled on their projects.

This resolution was the result of efforts by the President's Financial Fraud Enforcement Task Force. The task force was established to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. With more than 20 federal agencies, 94 U.S. attorneys' offices, and state and local partners, it is the broadest coalition of law enforcement, investigatory, and regulatory agencies ever assembled to combat fraud. Since its formation, the task force has made great strides in facilitating increased investigation and prosecution of financial crimes; enhancing coordination and cooperation among federal, state, and local authorities; addressing discrimination in the lending and financial markets; and conducting outreach to the public, victims, financial institutions, and other organizations. Since fiscal year 2009, the Justice Department has filed over 18,000 financial fraud cases against more than 25,000 defendants. For more information on the task force, please visit www.StopFraud.gov.

The government's case is being prosecuted by the Office's Business and Securities Fraud Section. Assistant United States Attorney Whitman Knapp and Special Assistant United States Attorney Jonathan P. Lax are in charge of the prosecution.



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FOR IMMEDIATE RELEASE

Thursday, December 10, 2015

**Tishman Construction Charged With Fraud; To Pay More Than
\$20 Million In Restitution And Penalties For Defrauding Clients
In A Ten-Year Overbilling Scheme**

**Projects Included the World Trade Center Towers, the Plaza Hotel Renovation, the
Javits Convention Center Expansion and Renovation Project, and the Aqueduct
Casino**

Earlier today, the U.S. Attorney's Office for the Eastern District of New York ("the Office") filed fraud charges in Brooklyn federal court against Tishman Construction Corporation ("Tishman Construction"), one of the largest construction companies in New York City. Tishman Construction is charged with mail and wire fraud conspiracy for improperly billing its clients more than \$5 million over a ten-year period for hours not worked and at rates that were in excess of the agreed upon contract rate. Also, Tishman Construction entered into a deferred prosecution agreement with the Office in which Tishman Construction admitted to fraudulently overbilling clients and agreed to pay more than \$20 million in restitution to victims and penalties to the federal government. The company has additionally instituted far-reaching corporate reforms designed to eliminate future problems and enforce best industry practices.

Today's deferred prosecution agreement marks the third resolution by the Office aimed at rooting out fraud in the construction industry. In April 2012, Lend Lease (US) Construction LMB Inc. (formerly Bovis Lend Lease LMB Inc.) was charged with defrauding its clients, entered into a deferred prosecution agreement, and paid \$56 million in restitution and penalties for engaging in a ten-year overbilling scheme. More recently, in May 2015, Hunter Roberts Construction Group, LLC entered into a non-prosecution agreement and agreed to pay more than \$7 million in restitution and penalties for engaging in an eight-year fraudulent overbilling scheme.

The charge and disposition were announced by Robert L. Capers, United States Attorney for the Eastern District of New York; Michael Nestor, Inspector General, Port Authority of New York and New Jersey; Diego G. Rodriguez, Assistant Director-in-Charge, Federal Bureau of Investigation, New York Field Office; Carol Fortine Ochoa, Inspector General, General Services Administration, Office of the Inspector General; Cheryl Garcia, Special Agent-in-Charge, Department of Labor, Office of Inspector General; and Mark G. Peters, Commissioner, New York City Department of Investigation.

“Through a systemic practice, Tishman Construction bilked its clients by charging them for unworked time and at rates higher than those bargained for by their clients. By doing so, Tishman Construction defrauded its clients and abused the trust placed in it to provide construction services on some of New York’s most storied buildings. Today’s criminal action and resolution is another example of our steadfast efforts in combating and eliminating fraud in New York City’s construction industry,” stated U.S. Attorney Capers. Mr. Capers thanked the investigative agencies for their outstanding commitment and dedication over the course of this multi-year industry investigation.

“Tishman’s conduct that perpetuated an industry-wide fraud for more than a decade has come to an end. Government contracting agencies, and private clients alike, deserve to be billed strictly for what they bargained for, not duped into overpaying for gratuitous or phantom services. Responsible for overseeing one of the largest government contracting agencies in the region, the Port Authority Office of Inspector General will continue to uproot fraud and corruption within the area’s construction industry,” stated Inspector General Nestor. Mr. Nestor thanked his law enforcement partners for their dedication and professionalism in investigating these practices.

“Over ten years, Tishman Construction improperly billed millions from its clients representing both public and private projects across the New York City area. Today’s restitution settlement of more than \$20 million should help make right on a practice so wrong. The FBI is committed to working with our law enforcement partners to investigate and bring justice to those who seek to profit from fraudulent schemes, especially those in the city’s construction industry,” stated Assistant Director-in-Charge Rodriguez.

“Tishman Construction is being held responsible for defrauding the United States and others,” said Inspector General Ochoa. “I appreciate the hard work of our GSA OIG agents and law enforcement partners on this important construction fraud case that uncovered deceitful billing practices.”

“Fraudulent billing practices threaten to stymie the growth and development of New York City’s construction industry. Integrity in public and private contracting ensures a level playing field for employment opportunities. We will continue to work with our investigative partners to identify corrupt practices affecting the American workforce,” stated Special Agent-in-Charge Garcia of the New York Regional Office, U.S. Department of Labor, Office of Inspector General, Office of Labor Racketeering and Fraud Investigations.

“This overbilling scheme padded daily work logs and falsified overtime - all at a cost to taxpayers and the public. This type of fraud needlessly drives up construction costs and undermines integrity at these sites. DOI thanks the hard work of our law enforcement partners on this investigation, and we will continue to work together to root out and stop this type of corruption,” stated Commissioner Peters.

The Overbilling Scheme

As alleged in the felony information filed today, Tishman Construction, a New York based construction firm, engaged in a fraudulent overbilling scheme that impacted its projects for at least a ten-year period. These projects included the World Trade Center Towers One (the “Freedom Tower”), Three, Four and Seven; the World Trade Center PATH Transportation Hub; the Plaza Hotel renovation; the Javits Convention Center Expansion and Renovation Project; the Aqueduct Casino in Queens, and scores of other projects.

Tishman Construction’s role on construction projects was typically that of a construction manager, which often required it to supervise the work done by subcontractors or trade contractors. From at least 1999 through approximately October 2009, Tishman Construction billed clients, including government contracting and funding agencies, for hours that were not worked by labor foremen from Local 79 Mason Tenders’ District Council of Greater New York. Tishman Construction carried out this fraudulent overbilling by: (a) adding one to two hours of unworked or unnecessary “guaranteed” overtime per day to the time

sheets for the labor foremen; (b) providing five hours of guaranteed overtime per day, whether worked or not, for a particular senior labor foreman; and (c) allowing labor foremen to be absent from work for sick days, major holidays, and one or two weeks of vacation per year. In furtherance of this overbilling scheme, Tishman Construction completed and submitted time sheets to its clients as though the labor foremen had worked those days. Additionally, from approximately 2005 through 2009, without seeking advance approval from its clients, Tishman Construction paid a particularly senior labor foreman, and billed its clients, at wage rates that exceeded those specified in Tishman Construction's contracts with its clients.

The Deferred Prosecution Agreement

Pursuant to the deferred prosecution agreement filed today, Tishman Construction accepted responsibility for its fraudulent billing practices and agreed to offer restitution to its clients in the amount of \$5,650,917.97 and pay a penalty of \$14,580,000.00 to the government over a two-year period. In consideration of Tishman Construction's remedial actions to date and its commitment to, among others: (a) accept and acknowledge responsibility for its conduct; (b) continue its cooperation; (c) make restitution available to victims; and (d) make the payment of a financial penalty to the government; the government agreed to defer the prosecution for a period of 24 months and to obtain an exclusion of time to allow Tishman Construction to demonstrate good conduct and compliance with the terms of this agreement.^[1] Tishman's remedial measures include the creation of the position of Compliance Director at the company, the adoption of a new Code of Conduct, and the revision of time sheet recording and client billing policies.

* * *

The government's case is being prosecuted by the Office's Business and Securities Fraud Section. Assistant United States Attorney Whitman Knapp and Special Assistant United States Attorney Jonathan P. Lax are in charge of the prosecution.

The Defendant:

TISHMAN CONSTRUCTION CORPORATION
New York, New York

EDNY Docket No.: 15-CR-617 (CBA)

[1] The request for the exclusion of time is pending before the Honorable Carol B. Amon.

Attachment(s):

[Download Tishman_cover_letter_info_DPA.2015.12.07.pdf](#)

Topic(s):

Financial Fraud
StopFraud

Component(s):

[USAO - New York, Eastern](#)

Updated December 10, 2015



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U.S. Attorney's Office

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FOR IMMEDIATE RELEASE

Thursday, October 13, 2016

Plaza Construction Charged With Fraud

Will Pay More Than \$9 Million In Restitution And Penalties For Defrauding Clients In A Thirteen-Year Overbilling Scheme

Projects Included the Empire State Building, Brooklyn Navy Yard, Bronx Terminal Market, Federal Reserve Bank of New York, and New York University

Earlier today, the U.S. Attorney's Office for the Eastern District of New York (the Office) filed fraud charges in Brooklyn federal court against Plaza Construction LLC, successor to Plaza Construction Corp. (Plaza Construction), one of the largest construction firms in New York City. Plaza Construction is charged with mail and wire fraud conspiracy for improperly billing its clients more than \$2.2 million over a thirteen-year period for hours not worked and for inserting a hidden surcharge into its bills for the purpose of obtaining payments to offset administrative costs. As a result, Plaza Construction has entered into a deferred prosecution agreement with the Office in which it admitted to fraudulently overbilling clients and agreed to pay more than \$9 million in restitution to victims, and forfeiture and penalties to the federal government. The company has additionally instituted far-reaching corporate reforms designed to eliminate future problems and enforce best industry practices.

Today's deferred prosecution agreement marks the fourth resolution by the Office aimed at rooting out fraud in the construction industry. In April 2012, Lend Lease (US) Construction LMB Inc. (formerly Bovis Lend Lease LMB Inc.) was charged with defrauding its clients, entered into a deferred prosecution agreement, and paid \$56 million in restitution and penalties for engaging in a ten-year overbilling scheme. In May 2015, Hunter Roberts Construction Group, LLC entered into a non-prosecution agreement and agreed to pay more than \$7 million in restitution and penalties for engaging in an eight-year fraudulent overbilling scheme. In December 2015, Tishman Construction Corporation was charged with defrauding its clients, entered into a deferred prosecution agreement, and paid more than \$20 million in restitution and penalties for engaging in a ten-year overbilling scheme.

The charges and disposition were announced by Robert L. Capers, United States Attorney for the Eastern District of New York; Michael Nestor, Inspector General, Port Authority of New York and New Jersey (PANYNJ); William F. Sweeney, Jr., Assistant Director-in-Charge, Federal Bureau of Investigation, New York Field Office (FBI); Carol Fortine Ochoa, Inspector General, General Services Administration (GSA), Office of Inspector General; Scott S. Dahl, Inspector General, U.S. Department of Labor (DOL), Office of Inspector General; and Mark G. Peters, Commissioner, New York City Department of Investigation (DOI).

"For more than a decade, Plaza Construction overbilled its clients by charging them for unworked time and by fraudulently inserting a hidden surcharge to help offset its administrative costs. By doing so, the company defrauded its clients and abused the trust placed in it to provide construction services at some of New York's most storied sites. Today's criminal charges and resolution, the fourth resolution in this area, demonstrate our steadfast efforts in combating and eliminating fraud in New York City's construction industry," stated U.S. Attorney Capers. Mr. Capers thanked the investigative agencies for their outstanding commitment and dedication over the course of this multi-year industry investigation.

"Plaza's conduct that perpetuated an industry-wide fraud for more than a decade has come to an end. Government contracting agencies, and private clients alike, deserve to be billed strictly for what they bargained for, not duped into overpaying for gratuitous or phantom services. Responsible for overseeing one of the largest government contracting agencies in the region, the Port Authority Office of Inspector General will continue to uproot fraud and corruption within the area's construction industry," stated PANYNJ Inspector General Nestor. Mr. Nestor thanked his law enforcement partners for their dedication and professionalism in investigating these practices.

"Fraudulent business practices put consumers, employees, and other industry competitors at a significant disadvantage. Trust, once broken, is difficult to restore. Companies, no matter how large or small, are reminded to exercise due diligence in alerting authorities about crimes of this nature. We, along with our partners, take crimes of fraud seriously, and we will continue to seek justice to the full extent of the law," stated FBI Assistant Director-in-Charge Sweeney.

"Plaza Construction used deceitful practices to bilk the American taxpayers. The GSA OIG is committed to working with our law enforcement partners to hold accountable contractors who defraud the United States," said GSA Inspector General Ochoa.

"Plaza Construction defrauded their clients by charging them for work that was not performed and by charging them prohibited fees. Today's resolution holds Plaza accountable for their actions and deters those who would contemplate similar misconduct in the future. We will continue to work with our law enforcement partners to vigorously pursue fraud in the construction industry that has a negative impact on the American workforce," stated DOL Inspector General Dahl.

DOI Commissioner Peters said, "These fraudulent overbilling schemes involved some of the highest profile construction projects in New York City, driving up costs, exploiting overtime, and siphoning millions of dollars in unearned, ill-gotten gains. DOI will continue to work with its law enforcement partners to expose and stop this type of corruption, and ensure construction sites and companies are following the rules and operating lawfully."

The Overbilling Scheme

As alleged in the felony information, Plaza Construction engaged in a fraudulent overbilling scheme that impacted a number of its projects for at least a thirteen-year period. These projects included the Brooklyn Navy Yard, Bronx Terminal Market, Federal Reserve Bank of New York, New York University, and Empire State Building.

Plaza Construction's role on construction projects was typically that of a construction manager, which often required it to supply workers from certain trade unions and to supervise the work done by subcontractors or trade contractors. From at least 1999 through approximately February 2012, Plaza Construction submitted bills to clients, including government contracting and funding agencies, that contained numerous false statements and material misrepresentations and omissions. From August 2004 through February 2012, Plaza Construction systemically inserted a hidden surcharge in its bills to clients that was specifically prohibited and secretly generated additional revenue to offset certain administrative costs.

Additionally, from at least 1999 until 2009, Plaza Construction also billed its clients for hours not worked by labor foremen from Local 79 Mason Tenders' District Council of Greater New York and carried out this fraudulent overbilling by: (a) allowing labor foremen to be absent from work for major holidays and certain vacation days; (b) providing between five and seven hours of guaranteed overtime per day, whether worked or not, for a particular senior labor foreman; and (c) adding one to two hours of unworked or unnecessary "guaranteed" overtime per day to the time sheets for certain labor foremen. In furtherance of this overbilling scheme, Plaza Construction completed and submitted time sheets to its clients as though the labor foremen had actually worked.

The Deferred Prosecution Agreement

Pursuant to the deferred prosecution agreement filed today, Plaza Construction accepted responsibility for its fraudulent billing practices and agreed to offer restitution to its clients in the amount of \$2,226,270.19 and pay a penalty of \$5,619,269.92 and forfeit \$1,350,317.43 to the government over a two-year period. In consideration of Plaza Construction's remedial actions to date and its commitment to, among other actions: (a) accept and acknowledge responsibility for its conduct; (b) continue its cooperation; (c) make restitution available to victims; and (d) make the payment of forfeiture and a financial penalty to the government; the government agreed to defer the prosecution for a period of 24 months and to obtain an exclusion of time to allow Plaza Construction to demonstrate good conduct and compliance with the terms of this agreement.^[1] Plaza Construction's remedial measures include the creation of the positions of General Counsel, Associate General Counsel and Compliance Director at the company; establishing a Compliance Committee; instituting annual training for all officers and non-union employees regarding its Code of Business Ethics; establishing an ethics hotline for employees to report ethics violations or concerns; and the revision of time sheet recording and client billing policies.

* * *

The government's case is being handled by the Office's Business and Securities Fraud Section. Assistant United States Attorneys Whitman Knapp and Jonathan P. Lax are in charge of the prosecution, with assistance from Assistant United States Attorney Brian Morris of the Office's Civil Division, which is responsible for the forfeiture of assets.

The Defendant:

PLAZA CONSTRUCTION LLC
New York, New York

EDNY Docket No.: 16-CR-532 (NGG)

[1] The request for the exclusion of time is pending before the Court.

Topic(s):

Financial Fraud
StopFraud

Component(s):

USAO - New York, Eastern

Updated October 13, 2016



New York Field Office

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Construction Giant Lend Lease (Bovis) Charged with Defrauding Clients in Three Separate Schemes and Will Pay Over \$50 Million and Institute Comprehensive Reforms

*Former Principal in Charge of Bovis' New York Office
Pleads Guilty to Fraud Charge, Faces up to 20 Years in Prison*

U.S. Attorney's Office

April 24, 2012

Eastern District of New York

(718) 254-7000

Earlier today, the U.S. Attorney's Office for the Eastern District of New York filed fraud charges against the construction firm Lend Lease (US) Construction LMB Inc. (formerly Bovis Lend Lease LMB Inc.) ("Bovis") and James Abadie, the former principal in charge of Bovis' New York office. Abadie pled guilty this morning in United States District Court to conspiring to commit mail and wire fraud by fraudulently overbilling Bovis' clients for over a decade. Also this morning, Bovis entered into a deferred prosecution agreement with the U.S. Attorney's Office for the Eastern District of New York and the New York County District Attorney's Office in which Bovis admitted to fraudulently overbilling clients for over 10 years. Bovis also admitted defrauding two of its public clients by falsely misrepresenting the work performed by its minority business enterprise partners, thus fraudulently obtaining payments on lucrative contracts. The deferred prosecution agreement requires Bovis to pay up to \$56 million in penalties to the federal government and restitution to victims and to institute far-reaching corporate reforms designed to eliminate future problems and enforce best industry practices.

The charges and dispositions were announced by Loretta E. Lynch, United States Attorney for the Eastern District of New York; Cyrus R. Vance, Jr., District Attorney, New York County; Janice K. Fedarcyk, Assistant Director in Charge, Federal Bureau of Investigation; Robert E. Van Etten, Inspector General, The Port Authority of New York and New Jersey, Office of the Inspector General; Brian D. Miller, Inspector General, General Services Administration, Office of the Inspector General; Robert L. Panella, Special Agent in Charge, Department of Labor, Office of Inspector General; and Rose Gill Hearn, Commissioner of the New York City Department of Investigation.

Bovis is one of the largest construction firms operating in New York City. Bovis provides construction, project management, and consulting services on large-scale public and private construction projects. Bovis is a U.S. subsidiary of the company Lend Lease Corporation Limited ("Lend Lease"), which, as of 2009, operated in over 40 countries in Asia and Europe, as well as in Australia and the United States. Bovis's New York office is its largest. In 2008, Bovis employed over 1,000 people in the United States, with the majority working in the New York office.

The Overbilling Scheme

As alleged in the felony information filed in court today (the "Bovis Information"), Bovis intentionally and fraudulently billed clients, from at least 1999 to 2009, for hours that were not worked by labor foremen from Local 79 Mason Tenders' District Council of Greater New York ("Local 79"). Bovis systematically added one to two hours of unworked overtime per day to the timesheets for labor foremen. Bovis also systematically completed and submitted timesheets falsely listing unworked hours as worked when labor foremen were absent for sick days, major holidays, and weeks of vacation. Bovis fraudulently billed its clients for this unworked time and, on public projects, falsely submitted certified payrolls, defrauding taxpayers. Finally, Bovis made extra, undisclosed lump sum and stipend payments to a select group of labor foremen and billed those payments to clients as well. The clients were unaware of these practices. Pursuant to the deferred prosecution agreement, Bovis has admitted all of the allegations in the Bovis Information.

As alleged in a separate felony information also filed in court today (the "Abadie information"), defendant James Abadie played a critical role in executing Bovis's overbilling practices when he served as the principal in charge of Bovis' New York office from 2002 to June 2009 and as the general superintendent at Bovis prior to 2002. As principal in charge, all aspects of project operations and union labor issues fell under Abadie's supervision. As the general superintendent for Bovis, Abadie personally oversaw the day-to-day field operations on all projects and had extensive involvement with managing union labor. While in both positions, Abadie explicitly and fraudulently directed his subordinates to carry out the practice of adding unworked hours to labor foremen's timesheets, knowing that these unworked hours were billed to clients who were unaware that they were the

victims of fraud. Abadie pled guilty to the mail and wire fraud conspiracy charged in the Abadie

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Terms of Abadie's guilty plea guilty to the fraud and the fraud conspiracy charged in the above information.

Abadie and Bovis employed the fraudulent overbilling scheme across the broad spectrum of Bovis' projects in the New York metropolitan area, including some of the area's most important, large-scale public and private construction projects. Affected projects included the United States Post Office/Bankruptcy Court in Brooklyn, New York; the Bronx Criminal Courthouse in the Bronx, New York; Grand Central Terminal; the Deutsche Bank building deconstruction in New York, New York; Citifield in Queens, New York; and the very United States Courthouse in which Bovis was charged and Abadie pled guilty this morning.

The Minority Business Enterprise Schemes

Bovis was also charged today with defrauding the Dormitory Authority of the State of New York (DASNY) with respect to the Minority Business Enterprise (MBE) requirements on the Bronx Criminal Courthouse construction project and the New Jersey Schools Development Authority (NJSDA) and its predecessor organizations with respect to MBE requirements on school construction projects. Earlier today, Bovis admitted engaging in these MBE fraud schemes.

MBE programs are affirmative-action programs designed to increase the participation of small construction firms and firms owned by women or minorities on public construction projects. New York and New Jersey set goals for the percentage of work to be awarded to MBEs on a particular project. In order to win bids on public projects, Bovis agreed to comply with the MBE program goals. The Bovis information filed today alleges that on two separate projects, Bovis falsely represented that certified MBEs were performing work and fraudulently counted that work towards its required MBE participation goals when Bovis, not the MBE, was actually performing that work.

The Bovis information alleges that in 2000, Bovis told DASNY, which had responsibility for the Bronx Criminal Courthouse construction project, that H.J. Russell & Company (HJR), an MBE, would perform 100 percent of Bovis' general conditions contract (the "general conditions" contract included the infrastructure costs of the construction project not covered by the trade contracts, such as daily trash removal and operation of the elevators and hoists on the construction site, as well as certain union labor, including workers from Local 79) work that involved union labor, thereby substantially satisfying Bovis's MBE requirements. Over the course of the project, Bovis falsely informed DASNY in writing every month that HJR was performing the general conditions contract work as promised. In reality, Bovis secretly performed the work itself by directly managing the union labor that was supposed to be employed and supervised by HJR and relegated HJR's role to a mere pass-through, thereby fraudulently enabling Bovis to get false credit for compliance with its MBE obligations and get paid for its work on the project. Bovis placed many of its long-term union workers on HJR's payroll, hired other union labor that was then placed on HJR's payroll, supervised and directed the union workers itself, and made all important decisions. HJR's only function with respect to the general conditions union labor work was to provide paychecks for work performed by, or at the direction of, Bovis personnel.

Similarly, in 2001, Bovis told the NJSDA and its predecessors that Imperial Construction Group Inc. and Imperial Architectural Group (collectively, "Imperial") and Qualified Women/Minorities in Construction (QWIC) would satisfy Bovis' obligation to have MBEs perform 25 percent of Bovis' project management contract on the Abbott Schools Program in New Jersey. Over the course of the project, Bovis falsely informed the NJSDA in written progress reports that employees of these MBEs were performing work as Bovis had promised and the contract required, when in fact Bovis itself secretly performed this work and relegated the roles of the MBEs to mere pass-throughs. This fraud enabled Bovis to get false credit for compliance with its MBE obligations and to get paid for its work on the projects. During the course of the project, Bovis directed Imperial and QWIC to hire various individuals, some of whom were friends or relatives of Bovis employees. Some Bovis employees were also transferred to the MBEs' payrolls. Although these employees received paychecks from the MBEs, their work was directed by Bovis, they had Bovis identification and business cards, and they often had little or no contact with the MBEs while working on the project. In March 2004, Bovis and Imperial entered into two "Staffing Secondment Agreements," pursuant to which 14 Bovis employees were "transferred" to Imperial for a period of 10 to 12 months. As part of these contracts, the employees remained on Bovis' payroll but were mischaracterized as employees of Imperial to improperly enable Bovis to count these employees toward its MBE obligations.

The Guilty Plea and Deferred Prosecution Agreement

Pursuant to the guilty plea entered this morning, the defendant James Abadie faces a maximum sentence of 20 years' imprisonment and a fine of \$250,000 or the greater of twice the gross gain or loss from the fraudulent conduct.

Pursuant to the deferred prosecution agreement filed in court today, Bovis has admitted and accepted responsibility for its crimes, has agreed to pay up to \$56.6 million in penalties to the federal government and restitution to victims, has agreed to continue to cooperate with the government, and has agreed to institute far-reaching corporate compliance reforms. With respect to the financial aspects of the agreement, \$40.5 million represents a penalty to be paid by Bovis to the federal government in three installments over two years; up to \$13.6 million in restitution will be afforded to all victims of the overbilling scheme; and \$2.5 million in restitution will be paid to the victims of the MBE schemes.

The deferred prosecution agreement also requires Bovis to institute comprehensive corporate reforms with respect to its billing practices and its participation in MBE programs. To begin, Bovis has created the position of ethics and compliance officer, as well as a regional risk and compliance committee, to oversee its corporate reforms and compliance with the agreement.

In order to ensure that only hours being worked are being recorded on timesheets and billed to clients

in order to ensure that any hours being worked are being recorded on timesheets and filed to clients, Bovis has revised its policies to require (1) that each individual worker certify the accuracy of all hours recorded on his or her timesheet; (2) multiple layers of supervisory review of the timesheets to verify the accuracy of the timesheets; and (3) maintenance of daily records for cross-referencing purposes, so as to independently verify the accuracy of the timesheets. To verify that the union timesheet recording and billing procedures are being followed at all levels, Bovis will maintain a full-time auditor in the New York office who will utilize site visits, spot audits and regular review of union hours.

In order to ensure compliance with MBE programs, Bovis will create a MBE liaison position based in the New York office whose function is to actively ensure that Bovis is meeting its federal, state, and local MBE obligations. The MBE liaison will regularly meet with federal, state, and local agencies to discuss the agencies' expectations and implementation of the MBE programs on a project-by-project basis. Furthermore, the MBE liaison will play an active role in the process by which Bovis engages qualified MBEs and uses best efforts to verify that each MBE is capable of performing its subcontracts and provides a commercially useful function.

"Through this deliberate scheme of billing clients for work not done, Bovis deceived their customers and stole taxpayer dollars. They also abused a program—designed to benefit and train minority contractors—for their own profit motive. Today's charges, guilty plea and settlement mark a significant step in our effort to eliminate fraud in the construction industry in New York City. Our investigation of the industry continues, and the resolution we reached today should send a very clear message," stated United States Attorney Lynch. "Given the public nature of many of these projects, we must ensure that taxpayers get their money's worth and that the industry complies with the law. The defense of 'everyone does it' will not be a shield against law enforcement." Ms. Lynch expressed her grateful appreciation to the investigating agencies.

FBI Assistant Director in Charge Fedarcyk stated, "Today's proceedings mark the culmination of a three-year investigation into a systemic pattern of audacious fraud by one of the world's largest construction firms. The overbilling fraud affected city, state, and federal public building projects. If you are a New York City resident, Bovis indirectly swindled you on three different levels. Whether projects are publicly or privately funded, padding contracts and skirting the law are crimes. And we are watching."

Port Authority Inspector General Van Etten stated, "I commend United States Attorney Loretta Lynch and her staff for spearheading this prosecution and thorough investigation that now brings this conspiracy out of the shadows and into the light. Bovis's conduct, as outlined in the deferred prosecution agreement and information, has gone on for nearly a decade unchecked. Under-the-table deals with employees, at the cost of clients, that continue to plague the regional construction industry are simply unacceptable. This investigation reminds us how both the government and private sectors must remain vigilant in monitoring the conduct of contractors.

"Equally egregious was Bovis' manipulation of minority and women-owned businesses. The goal of M/WBE programs is to provide valuable opportunities for smaller, disadvantaged businesses to gain market share, not to fill the coffers of multi-national corporations."

"Today's guilty plea by Mr. Abadie and the multi-million-dollar settlement by Bovis puts an end to a fraud scheme to overbill various construction contracts, including taxpayer-funded public works contracts throughout New York City, for bogus overtime hours by Bovis' labor foremen. We will continue to work with our law enforcement partners to vigorously investigate such crimes related to the nation's unions, workers, and public contracts," said Special Agent in Charge Panella, New York Regional Office of the U.S. Department of Labor's Office of Inspector General, Office of Labor Racketeering and Fraud Investigations.

The government's case is being prosecuted by Assistant United States Attorneys Sarah Coyne and Stephen Meyer.

This case was brought in coordination with President Barack Obama's Financial Fraud Enforcement Task Force. President Obama established the interagency task force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch and, with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

The Defendant:

Name: James Abadie

Age: 55

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